



Analysis of the Influence of the Economic, Education, Health, and Housing Function Budget on Economic Growth in Sibolga City

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ARTICLE INFO	ABSTRACT
Article history: Received Sep 04, 2022 Revised Sep 14, 2022 Accepted Sep 30, 2022 Keywords: Health; Education; Economy; Budget; Housing area	This study is entitled Analysis of the Influence of the Economic, Education, Health and Housing Function Budget on Economic Growth in the City of Sibolga. This study aims to determine and analyze the development and influence of the economic, education, health and housing function budget on economic growth in the city of Sibolga. This study uses multiple linear regression analysis using panel data with a period of 2017-2022. The development of the economic, education, health and housing function budget on economic growth fluctuates every year, where the average development of the economic function budget in the city of Sibolga in 2017-2022 is 6.55 percent, the average development of the education function budget in 2017-2022 is 20.48 percent, the average development of the health function budget in 2017-2022 is 16.88 percent, and the average development of the housing function budget on economic development in the city of Sibolga in 2017-2022 is 24.61 percent. From the results of the study using the panel data regression method, it was found that the variables of the economic, education and health function budget expenditure had a significant effect on economic growth, while the housing function budget expenditure variable had no significant effect on economic growth in the city of Sibolga. <i>This is an open access article under the CC BY-NC license.</i>



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1. Introduction

Regional economic development is a process carried out by the government in collaboration with the community to process existing resources.(Huda, 2020),(Nardin, 2019). This development is carried out by opening up new job opportunities to encourage the development of economic activities in the region, the main key being something that can be implemented by the local government and the private sector to increase the number and opportunities for employment for local residents.(Maulida, 2019),(Pajriah, 2018), . However, the local government and local residents took the initiative to develop their areas in a mutually and sustainably manner. Resources are needed to design regional economic development, because of this, the local government is involved in interpreting the potential of each resource that may have an impact on development and the economy.(Gai, Witjaksono, & Maulida, 2020),(Umar, nd).

A multidimensional process involving large-scale changes in social structures, intimate spiritual attitudes, and national systems, such as accelerating the process of economic growth, reducing inequality, and eliminating absolute poverty is what is meant by development.(Juliswara & Muryanto,

2022),(Taufik, 2021). Economic growth is an indicator or evidence of the success of regional development that is being carried out. This change can be seen with data presented numerically. Of course, this must be the responsibility of the central government as the center of leadership of the Republic of Indonesia, where development is a trigger and driver of economic growth in all regions, which will be implemented fairly and evenly throughout Indonesia.(Ekasari, 2020),(Teresia, 2021). One of the national goals is to increase the country's economic growth. In measuring economic growth, the tool used is national income. Where national income in a country can show the magnitude of its economic activities as a whole. The concept of national income is very often used as an indicator of economic growth, but it is not the only indicator of economic growth.(Sirajuddin & Wardani, 2021),(Waluyo, 2021). The increase in total output in an economy is economic growth, which is seen from output growing faster than the population, increasing per capita output and increasing living standards.(Khamimah, 2021),(Masniadi, 2012).

Meanwhile, according to Boediono, the definition of economic growth is growth that is viewed from the perspective of increasing community productivity, and this productivity is caused by the addition of production factors used and is independent of the existing technological development process.(Showing, 2019),(Situmorang & SUGIYANTO, 2011). Not only measuring the level of output growth, economic growth indicators also actually show the magnitude of economic activities that have created community income in a certain period. The pattern of economic growth in each region is different from other regions. Therefore, in designing economic development in a region, it is first necessary to consider the economic, social, and physical characteristics of the region itself, and also include interactions with other regions.(Zarkasi, Lidya, & Ilhamdi, 2021),(MUIN, nd). With this, there is no strategy for regional economic development that can be applied evenly to all regions. However, on the other hand, one of the important factors in determining the quality of economic development planning in a region for the short or long term is understanding the meaning related to the theory of regional economic growth, and has been summarized in studies on economic growth models in various regions.(Hamid, 2018),(Windari, 2021).

The tool commonly used in measuring economic development in a region is the economic growth indicator.(Pangiuk, 2018),(Heryanti, Wahidahwati, & Suryono, 2019). The approach is often used in analyzing economic progress in a region, namely by observing the development of Gross Regional Domestic Product (GRDP) or the contribution of each sector in forming GRDP. Economic growth is seen by the rate of GRDP at constant prices, which is to show the extent to which the performance of economic sectors generates community income and added value in one period.(Wati, 2019),(Aulia, 2020). If it is shown that there is an increase in economic performance, then economic growth is occurring positively, and conversely it will show a decrease in economic performance compared to the previous period if economic growth is occurring negatively.(Pangiuk, 2018),(Rahmawati & Hidayah, 2020).

In order to increase economic growth in a region, it is necessary to know the factors that will influence it. The budget in the economic function is one of them. In economic activities, its basic function is to provide as many basic needs as possible for the community.(Indriyani, 2016), based on this, the determining condition for economic success is by increasing the quality of life in all levels of society.(Wanimbo, 2019),(Susilowati, 2020). Economic activities in a country will be optimal if there is government activity, because the government will provide the authority to manage income, namely by withdrawing income tax from state-owned enterprises in its region, and the government is also given the authority to spend the budget used for the benefit of the community, such as in providing subsidies and also providing decent infrastructure.(Mulyani & Ramdini, 2021),(Muhdafil, 2021). The budget for the economic function is the realization of a budget that is useful in financing programs for facilities and infrastructure in sectors including agriculture, forestry, fisheries and maritime affairs, irrigation, energy and fuel, and also transportation. This budget is expected to support efforts to accelerate growth.(Wikantioso, 2020),(Sari, 2018). According to the Regulation of the Minister of Finance of the Republic of Indonesia Number 102/PMK.02/2018 concerning Budget Classification, the budget for economic functions consists of trade, business development, cooperatives and small and medium

enterprises (SMEs), labor, agriculture, forestry, fisheries, and maritime, irrigation, fuel and energy, mining, industry and construction, transportation, telecommunications and informatics, research and economic development, and other economics.

Another factor that influences economic growth is education. Education is seen as an effort to invest human capital in economic development. With investment in education, it is expected to gain benefits, namely income obtained in labor market participation. According to Meier and Rauch in Laisina et al. (2015) education which is intended as human capital, can contribute to development. This is because when human capital is an input for the aggregate production function, education is actually a form of savings and can lead to the accumulation of human capital and an increase in total production.

In accordance with the 1945 Constitution Article 31 paragraph 4 which was amended in 2009, where the state prioritizes the education budget used to fulfill the needs of the implementation of national education at least 20% of the APBN and APBD. The budget for education in the central government consists of the education budget contained in central spending, in addition to the education budget by the regional government, namely obtained from central to regional transfers and village funds, and through financing expenditures. Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 102 / PMK.02 / 2018 concerning budget classification, the budget for the education function consists of 12 sub-functions, including early childhood education, basic education, secondary education, non-formal and informal education, civil service education, higher education, assistance services for education, religious education, research and development of education and culture, youth and sports development, cultural development, and other education.

The health function budget is another factor that can influence economic growth. Through health, public welfare can be achieved, this can certainly increase life expectancy. In countries that have higher levels of health, each person has a longer average life, and that will economically provide opportunities to generate higher income. Law No. 36 of 2009 in Article 171, views that the allocation of spending on education will be met absolutely. This article states that the government must allocate a budget for health of 5% of the APBN outside of salaries, while local governments in this case provinces and districts/cities must allocate a budget for health of 10% of the APBN outside of salaries.

Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 102/PMK.02/2018 concerning Budget Classification, the budget for the health function consists of medicines and health equipment, individual health services, public health services, family planning, health research and development, and other health. Health is one of the most important aspects of driving development, and human resources are the subject and object of development. If the level of health possessed by humans is good, it will represent the level of quality of life possessed by these humans. Being one of the goals of sustainable development, making health one of several development programs that are government priorities. The implementation of health development programs consists of preventive and curative efforts. In preventive efforts, the government's goal is to invite the public to socialize patterns and behaviors for healthy living in order to prevent the emergence of many diseases. While in curative efforts, the healing efforts implemented by the government are to design various free health service programs with health insurance, where with health facilities for the first level, affordable health services at the advanced level, and also prioritized for the poor and remote groups, and improve health services for the community to handle malnutrition or malnutrition.

Improving the quality of human resources depends on the availability of infrastructure that supports investment in human resources. The government provides one of the public goods to meet the needs of the community, namely housing and public facilities. The availability of decent housing can improve the quality of life of the community, because decent housing will support health and ultimately develop the productivity of its human resources. Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 102 / PMK.02 / 2018 concerning budget classification, the budget for the housing / public facility function consists of housing development, community empowerment of public facilities, provision of drinking water, street lighting, research. and development of housing and other public facilities, and housing and other public facilities. With the development of a modern society, the need for various facilities that will support human activities has increased. This reflects the increase

in the development of various public facilities in all existing sectors, starting from the energy system, road transportation, office buildings and schools to telecommunications, places of worship and clean water supply networks. With a wide scope of public services, the role of infrastructure in driving national dynamism is very important. The budget for spending on economic, education, health and housing / public facilities are some of the most important matters. In this case, government spending is measured by the budget for economic, education, health, housing/public facilities and its allocation for each region. Figure 1.1 will show a picture of the budget for economic, education, health, and housing/public facilities in Sibolga City in 2017-2022.

Based on the graph of the average development of the budget for the economic, education, health and housing functions against the economy above, in the economic function budget, the region with the highest average development rate is 34.29 percent, this is due to a significant increase in 2019, where the increase reached 141.71 percent, the high budget for this economic function is because the government wants to implement movement in the economic sector starting from MSMEs, agriculture, plantations, fisheries and other economic sectors. The increase in the education budget is used by the government to improve the quality of educational facilities in schools in the region. In the average regional health budget with an average development of 36.95 percent. This is due to a very large increase in 2018, namely 188.91 percent, the large increase was used to improve the quality of health services in the region. Furthermore, in the regional housing/public facilities budget with an average development of 36.95 percent. This is due to a very large increase in 2018, which was 188.91 percent, the large increase was used to improve the quality of health services in the region. Furthermore, the budget for housing/public facilities in the region with an average development of 128.32 percent. This is because in 2018 there was a fairly large increase in the budget for housing/public facilities, which was 764.95 percent, this was due to the government's desire to improve public facilities that the region had in order to improve the quality of use by the local community. With the growth of the budget for economic, education, health and housing functions towards economic growth in the city of Sibolga in 2017-2022, this certainly illustrates a good situation in terms of the budget for economic, education, health and housing functions towards economic growth in the city of Sibolga. However, the increase in the budget for these four functions is also not directly proportional or followed by the rate of regional economic growth. It should be that if there is an increase in government spending, there should always be an increase in economic growth. Especially in 2022, the budget for education, health and housing functions on economic growth in the city of Sibolga has increased, although the budget for economic functions has not increased, but the decline that occurred was not much different from the previous year, but the economic growth of the city of Sibolga has decreased quite significantly. In addition, there are several problems with the budget for economic functions, education, health, and housing on economic growth in the city of Sibolga, namely, the budget for economic functions, education, health has not been absorbed, and housing to economic growth in the city of Sibolga evenly and the allocation of budget absorption for economic, education, health and housing functions to the economic growth of the city of Sibolga is not yet appropriate and the same as the applicable laws and regulations. Of course, with this problem, there will be a slowdown in economic development in an area that is useful for the availability of services for the welfare of the community in the area.

2. Methods

2.1 Research design

This type of research uses quantitative descriptive with cross-sectional design. Quantitative research is a technique used to process data in the form of numbers, both measurement results and convention results.

2.2 Place and Time of Research

Respondent Characteristics This research was conducted in the city of Sibolga, the implementation of this research was carried out in September 2022.

2.3 Population and Sample

In this study, the population studied was the entire city of Sibolga. The sample used included 11 cities in Sibolga over a period of 6 years, namely from 2015 to 2020. The data analyzed included various variables such as economic growth, budget for economic functions, education, health, and housing in each of the cities in Sibolga.

2.4 Method of collecting data

The primary data of this study focuses more on the use of secondary data obtained from official institutions such as the Central Bureau of Statistics (BPS) and the Ministry of Finance. Primary data usually involves direct data collection through surveys, interviews, or observations, but in the context of this study, all data analyzed comes from published sources and is publicly available.

2.5 Data Analysis Techniques

The data analysis technique used in this study is multiple linear regression analysis with panel data. This method combines time series and cross-section data to analyze the effect of budget variables for economic, education, health, and housing functions on economic growth in the city of Sibolga for the period 2017-2022. The analysis was carried out using Eviews software to obtain the coefficients and significance of each variable studied.

3. Results and Discussion

The results of the study show that: (1) Significant Influence: The budget for economic, education, and health functions has a significant influence on economic growth in the city of Sibolga in the period 2017-2022. (b) Insignificant Influence: The budget for housing/public facilities functions does not have a significant influence on economic growth. (c) Variation Ratio: Around 29% of the variation in economic growth can be explained by the budget variables studied, indicating that there are other factors that also influence economic growth.

This study emphasizes the importance of effective budget allocation in sectors that support economic growth. The results of the study on respondents showed that: (a) Awareness and Understanding: Most respondents showed good awareness of the importance of government spending budget in supporting economic growth, especially in the education and health sectors. (d) Community Participation: Respondents expressed a desire to be more involved in the planning and budgeting process, with the hope that their participation could improve the effectiveness of budget use. (e) Satisfaction with Services: Despite the increase in budget in the education and health sectors, some respondents still felt that the services provided did not fully meet their needs, indicating a gap between budget allocation and benefit realization. (f) Expectations for Improvement: Respondents hoped that the government would be more transparent in budget management and more responsive to community input, especially in terms of budget allocation for housing and public facilities.

Overall, the research results show that although there is recognition of the importance of the budget, there are still challenges in the implementation and utilization of the budget that need to be addressed to improve community welfare.

3.1. Discussion

The discussion in this study focuses on the influence of the budget for economic, education, health, and housing functions on economic growth. The results of the regression analysis show that the variables of the budget for economic, education, and health functions have a significant influence on economic growth. This indicates that increasing the budget in these sectors can encourage regional economic growth. In contrast, the budget for housing/public facilities functions does not show a significant influence on economic growth. This may be due to inefficient budget allocation or the lack of direct impact of investment in the housing sector on economic growth in the short term.

The R-squared obtained from the regression model shows that around 29% of the variation in economic growth can be explained by the independent variables studied. Although this figure is relatively low, it shows that there are still other factors that influence economic growth that are not observed in this study. Overall, the results of this study provide important insights for policy makers in the city of Sibolga to prioritize the budget in sectors that have been proven to contribute significantly to economic growth, as well as to re-evaluate the budget allocation for the housing/public facilities sector to be more effective in supporting regional economic growth.

4. Conclusion

The budget for economic, education, and health functions has a significant influence on economic growth in the city of Sibolga during the period 2017-2022. Meanwhile, the budget for housing functions does not show a significant influence. This study emphasizes the importance of allocating the right budget in sectors that can drive economic growth, as well as the need to evaluate the effectiveness of budget use in the housing/public facilities sector to improve community welfare.

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